



March 16, 2007

ENGROSSED SENATE BILL No. 568

DIGEST OF SB 568 (Updated March 14, 2007 12:15 pm - DI 92)

Citations Affected: IC 5-10.2; noncode.

Synopsis: PERF matters. Provides for a 2% cost of living adjustment for a retired member of the public employees' retirement fund (PERF) (or a survivor or beneficiary of a member). Provides for a thirteenth check based on the complete years of service credited to a member at retirement. Permits certain former state employees who left state employment six months before vesting to purchase not more than a year's service time in PERF.

Effective: July 1, 2007.

**Meeks, Riegsecker, Hume, Skinner,
Zakas, Miller, Becker**

(HOUSE SPONSORS — KUZMAN, MCCLAIN)

January 23, 2007, read first time and referred to Committee on Pensions and Labor.
February 12, 2007, reported favorably — Do Pass; reassigned to Committee on Appropriations.

February 15, 2007, amended, reported favorably — Do Pass.

February 19, 2007, read second time, ordered engrossed. Engrossed.

February 22, 2007, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 27, 2007, read first time and referred to Committee on Ways and Means.

March 15, 2007, amended, reported — Do Pass.

C
o
p
y

ES 568—LS 7365/DI 116+



March 16, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 568

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10.2-5-42 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2007]: **Sec. 42. (a) The pension portion (plus postretirement**
4 **increases to the pension portion) provided by employer**
5 **contributions of the monthly benefit payable after December 31,**
6 **2007, to a member of the public employees' retirement fund (or to**
7 **a survivor or beneficiary of a member of the public employees'**
8 **retirement fund) who retired or was disabled before January 1,**
9 **2007, shall be increased by two percent (2%).**
10 **(b) The increases specified in this section:**
11 **(1) are based on the date of the member's latest retirement or**
12 **disability;**
13 **(2) do not apply to benefits payable in a lump sum; and**
14 **(3) are in addition to any other increase provided by law.**
15 SECTION 2. [EFFECTIVE JULY 1, 2007] **(a) As used in this**
16 **SECTION, "fund" refers to the public employees' retirement fund**
17 **established by IC 5-10.3-2-1.**

ES 568—LS 7365/DI 116+



C
o
p
y

(b) Not later than December 1, 2007, the fund shall pay the amount determined under subsection (c) to a member of the fund (or to a survivor or beneficiary of a member) who retired or was disabled before January 1, 2007, and who is entitled to receive a monthly benefit on November 1, 2007. The amount shall be paid as a single check and is not an increase in the pension portion of the monthly benefit.

(c) The amount paid under this SECTION to a member of the fund (or to a survivor or beneficiary of a member) who meets the requirements of subsection (b) is determined as follows:

If a Member's Creditable Service Is:	The Amount of the Check Is:
At least 5 years, but less than 10 years (only in the case of a member receiving disability retirement benefits)	\$25
At least 10 years, but less than 20 years	\$75
At least 20 years, but less than 30 years	\$150
At least 30 years	\$200

(d) The creditable service used to determine the amount paid to a member (or to a survivor or beneficiary of the member) under this SECTION is the creditable service that was used to compute the member's retirement benefit under IC 5-10.2-4-4, except that partial years of creditable service may not be used to determine the amount paid under this SECTION.

(e) This SECTION expires December 1, 2007.

SECTION 3. [EFFECTIVE JULY 1, 2007] (a) As used in this SECTION, "board" refers to the board of trustees of the fund.

(b) As used in this SECTION, "fund" refers to the public employees' retirement fund established by IC 5-10.3-2-1.

(c) This SECTION applies to an individual who:

- (1) was a state employee who, after November 24, 1996, and before July 1, 2006, was terminated from employment with the state;
- (2) was a member of the fund;
- (3) on the date of the individual's termination, had not attained vested status (as defined in IC 5-10.2-1-8) in the fund; and
- (4) on the date of the individual's termination, needed to earn not more than six (6) months of creditable service to attain vested status in the fund.

(d) An individual described in subsection (c) may elect to purchase up to twelve (12) months of service credit in the fund by

**C
o
p
y**



1 filing a written notice on a form prescribed by the board.

2 (e) An individual who elects to purchase service credit under
3 this SECTION must contribute to the fund as follows:

4 (1) Contributions that are equal to the product of the
5 following:

6 (A) The individual's salary at the time the individual was
7 terminated from state employment.

8 (B) A rate, determined by the actuary for the fund, that is
9 based on the age of the individual at the time the individual
10 actually makes a contribution for the service credit and
11 computed to result in a contribution amount that
12 approximates the actuarial present value of the benefit
13 attributable to the service credit purchased.

14 (C) The number of months of service credit the individual
15 intends to purchase.

16 (2) Contributions for any accrued interest, at a rate
17 determined by the actuary for the fund, for the period from
18 the individual's initial membership in the fund to the date
19 payment is made by the individual.

20 (f) The following apply to the purchase of service credit under
21 this SECTION:

22 (1) The board may allow an individual to make periodic
23 payments of the contributions required for the purchase of
24 service credit. The board shall determine the length of the
25 period during which the payments must be made.

26 (2) The board may deny an election for the purchase of
27 service credit if the purchase would exceed the limitations
28 under Section 415 of the Internal Revenue Code.

29 (3) An individual may not claim the service credit for the
30 purpose of computing benefits unless the individual has made
31 all payments required for the purchase of the service credit.

32 (4) To the extent permitted by the Internal Revenue Code and
33 applicable regulations, an individual may purchase service
34 credit under this SECTION by a rollover distribution to the
35 fund from any of the following:

36 (A) A qualified plan described in Section 401(a) or Section
37 403(b) of the Internal Revenue Code.

38 (B) An annuity contract or account described in Section
39 403(b) of the Internal Revenue Code.

40 (C) An eligible plan that is maintained by a state, a
41 political subdivision of a state, or an agency or
42 instrumentality of a state or political subdivision of a state

C
o
p
y



1 under Section 457(b) of the Internal Revenue Code.

2 (D) An individual retirement account or annuity described
3 in Section 408(a) or Section 408(b) of the Internal Revenue
4 Code.

5 (g) For the election described in subsection (d) to be effective
6 and in addition to the contributions required under subsection (e),
7 an individual who received a lump sum distribution from the fund
8 under IC 5-10.2-3-6 must repay to the fund, in the manner and
9 with interest at a rate determined by the board, the lump sum
10 distribution received under IC 5-10.2-3-6.

11 (h) This SECTION expires July 1, 2012.

C
o
p
y



SENATE MOTION

Madam President: I move that Senator Meeks be removed as second author of Senate Bill 568.

MEEKS

SENATE MOTION

Madam President: I move that Senator Riegsecker be removed as author of Senate Bill 568 and that Senator Meeks be substituted therefor.

RIEGSECKER

SENATE MOTION

Madam President: I move that Senator Riegsecker be added as second author of Senate Bill 568.

MEEKS

COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 568, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS and be reassigned to the Senate Committee on Appropriations.

(Reference is made to Senate Bill 568 as introduced.)

KRUSE, Chairperson

Committee Vote: Yeas 9, Nays 0.

C
O
P
Y



SENATE MOTION

Madam President: I move that Senator Meeks be removed as second author of Senate Bill 568.

MEEKS

SENATE MOTION

Madam President: I move that Senator Riegsecker be removed as author of Senate Bill 568 and that Senator Meeks be substituted therefor.

RIEGSECKER

SENATE MOTION

Madam President: I move that Senator Riegsecker be added as second author of Senate Bill 568.

MEEKS

SENATE MOTION

Madam President: I move that Senator Hume be added as third author and Senators Skinner, Zakas and Miller be added as coauthors of Senate Bill 568.

MEEKS

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 568, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 9, delete "fund(or)" and insert "**fund (or)**".

Page 2, between lines 12 and 13, begin a new paragraph and insert:

ES 568—LS 7365/DI 116+



C
o
p
y

**"At least 5 years, but less than 10 years
(only in the case of a member receiving
disability retirement benefits)".** **\$25**

and when so amended that said bill do pass.

(Reference is to SB 568 as printed February 13, 2007.)

MEEKS, Chairperson

Committee Vote: Yeas 11, Nays 0.

SENATE MOTION

Madam President: I move that Senator Becker be added as coauthor of Engrossed Senate Bill 568.

MEEKS

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 568, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, after line 25, begin a new paragraph and insert:

"SECTION 3. [EFFECTIVE JULY 1, 2007] (a) As used in this SECTION, "board" refers to the board of trustees of the fund.

(b) As used in this SECTION, "fund" refers to the public employees' retirement fund established by IC 5-10.3-2-1.

(c) This SECTION applies to an individual who:

(1) was a state employee who, after November 24, 1996, and before July 1, 2006, was terminated from employment with the state;

(2) was a member of the fund;

(3) on the date of the individual's termination, had not attained vested status (as defined in IC 5-10.2-1-8) in the fund; and

(4) on the date of the individual's termination, needed to earn not more than six (6) months of creditable service to attain vested status in the fund.

(d) An individual described in subsection (c) may elect to

ES 568—LS 7365/DI 116+



C
O
P
Y

purchase up to twelve (12) months of service credit in the fund by filing a written notice on a form prescribed by the board.

(e) An individual who elects to purchase service credit under this SECTION must contribute to the fund as follows:

(1) Contributions that are equal to the product of the following:

(A) The individual's salary at the time the individual was terminated from state employment.

(B) A rate, determined by the actuary for the fund, that is based on the age of the individual at the time the individual actually makes a contribution for the service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(C) The number of months of service credit the individual intends to purchase.

(2) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the individual's initial membership in the fund to the date payment is made by the individual.

(f) The following apply to the purchase of service credit under this SECTION:

(1) The board may allow an individual to make periodic payments of the contributions required for the purchase of service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an election for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) An individual may not claim the service credit for the purpose of computing benefits unless the individual has made all payments required for the purchase of the service credit.

(4) To the extent permitted by the Internal Revenue Code and applicable regulations, an individual may purchase service credit under this SECTION by a rollover distribution to the fund from any of the following:

(A) A qualified plan described in Section 401(a) or Section 403(b) of the Internal Revenue Code.

(B) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(C) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or

**C
o
p
y**



instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(D) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(g) For the election described in subsection (d) to be effective and in addition to the contributions required under subsection (e), an individual who received a lump sum distribution from the fund under IC 5-10.2-3-6 must repay to the fund, in the manner and with interest at a rate determined by the board, the lump sum distribution received under IC 5-10.2-3-6.

(h) This SECTION expires July 1, 2012."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 568 as printed February 16, 2007.)

CRAWFORD, Chair

Committee Vote: yeas 17, nays 0.

C
o
p
y

